

SOUTH DAKOTA STATE RAILROAD BOARD MEETING

July 15, 2015 @ 11:00 AM

DOT Building – Commission/Boardroom

Pierre, South Dakota

MEMBERS: Todd Yeaton, Chair
Carl Anderson via phone
Jeff Burket
Jerry Cope
Sheldon Cotton
Gary Doering
Harlan Quenzer

OTHERS: Barry Grossenburg, Richard Laber, Rick Vallery, Warren Karlen, Steven Brown, Cherrie Ann Brown, Jeff Monroe, and Jack Parliament (via phone)

STAFF: Bruce Lindholm, Darin Bergquist, Kellie Beck, Misty Siedschlaw, Karla Engle, Bonnie Olson, Kristi Sandal, and Jeryl Lynn Stein

Agenda Items:

Call to order

- 1) Approve the minutes of meeting on June 17, 2015
- 2) Approve the minutes of meeting on June 25, 2015
- 3) Discussion on Dakota Mill & Grain request to purchase property in Presho, SD
- 4) Discussion on Reliance Rail LLC construction of industrial siding in Reliance, SD
- 5) Discussion on funding package for the MRC project
- 6) Discussion on Hughes County RRA loan request - SD Pulse Processors

Chair Yeaton called the regular meeting of the South Dakota State Railroad Board (the "Board") to order at 11:00 a.m. with a quorum present.

- 1) Motion by Quenzer, second by Burket, to approve the June 17, 2015, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).
- 2) Motion by Anderson, second by Doering, to approve the June 25, 2015, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).

Bruce Lindholm, Office of Air, Rail, and Transit

3) Discussion on Dakota Mill & Grain request to purchase property in Presho, SD

Cope recused himself from this discussion.

Railroad members (Burket, Cotton, and Doering), and South Dakota Department of Transportation ("DOT") staff (Lindholm and Lynn Kennison) met with Brian Hammerback and another staff member of Dakota Mill & Grain to review the purchase proposal on-site. Dakota Mill & Grain intends to work cooperatively with a neighbor, Rosebud Concrete, to accommodate rail access. Dakota Mill & Grain will begin platting and appraisal work for the proposed purchase of state-owned land. The Board will consider the proposed purchase at a future date.

4) Discussion on Reliance Rail LLC construction of industrial siding in Reliance, SD

Lindholm provided information to the Board regarding a proposal by Reliance Rail, LLC to lease state-owned land.

Motion by Doering, second by Cotton, to authorize DOT to negotiate and execute a lease consistent with the terms proposed by Reliance Rail, LLC. Motion carried by roll call vote (all aye).

5) Discussion on funding package for the MRC project

Lindholm identified the funding sources for the Chamberlain to Presho reconstruction project as follows:

\$12,686,089 – TIGER grant
\$9,500,000 – Railroad Trust Fund
\$7,200,000 – South Dakota Legislature
\$5,000,000 – Governor's Office of Economic Development (GOED)
\$1,045,600 – Rails to the Future
\$1,000,000 – Salvage

\$36,431,689 – TOTAL

In addition, Lindholm explained that RMSI will provide \$1,000,000 of in-kind work, pursuant to an existing agreement with DOT. Lindholm also explained that the roughly \$37.4 million total includes engineering costs. A discussion ensued concerning how in-kind match amounts were determined. DOT asked the Board to approve this funding package, which includes expenditures previously approved from the Railroad Trust Fund as well as an additional expenditure from Railroad Trust Fund of \$4 million.

Motion by Quenzer, second by Cope, to approve the funding package presented by Lindholm, including the expenditure of the total sum of \$9,500,000 from the Railroad Trust Fund, which includes expenditures previously approved by the Board. Motion carried by roll call vote (all aye).

6) Discussion on Hughes County RRA loan request – SD Pulse Processors

Steve Brown with SD Pulse Processors addressed the Board to request a loan to the Hughes County Regional Railroad Authority in the amount of \$696,000, to construct a railroad siding off the RCP&E near Harrold, South Dakota. The project would include grading, culverts, and track work.

Motion by Cotton, second by Doering, to approve a loan in the amount of \$696,000, to the Hughes County Regional Railroad Authority, based on a 15 year amortization schedule at 2% interest with a 7 year balloon payment, and to authorize the Secretary or his designee to execute a loan agreement consistent with these terms. Motion carried by roll call vote (all aye).

Secretary Bergquist provided the Board with a handout from Yankton Area Progressive Growth for discussion at a future meeting.

The meeting was adjourned at 11:55 a.m. upon a motion for adjournment by Cope, seconded by Burket.

Next meeting is scheduled for August 19, 2015, at 11:00 a.m.